



I am the sole owner of a safety consulting company with no employees. In the next 18 months, I would like to sell my business and retire. How can I build up its value in preparation for a sale?

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Last January, *Inc.* columnist Norm Brodsky pondered how selling his business would affect his sense of self. "The company becomes a part of your identity," he wrote. "You start to wonder, Is the business me, or am I my own person?" As a company of one, you are asking the opposite question: What is the business without me? Most of your company's value is in your relationships with clients and the knowledge you have gained from experience. To attract buyers, you have to prove it won't be painful for them to rip that knowledge out of you.

Most business owners should begin preparing for a sale three to five years in advance, according to David Dinsmore, founder of Certified Business Appraisal in Morrow, Ohio--so you had better get moving. Any manuals you've written or materials you've created are a great starting point for conjuring black-and-white assets out of the gray matter in your head. Compiling, organizing, and updating all of that data should be your first priority, says Roger Winsby, the president and co-founder of Axiom Valuation Solutions, which specializes in business appraisal.

Speaking of documentation, have you looked at your books lately? Make sure you have clear records of sales and profits over the past five years, says Ross Sklar, who has sold three companies and is now CEO of SEI Chemical in Los Angeles. Also, Sklar adds, you're probably recording certain expenses on your corporate income statement that a new buyer may not incur (your home office, for example). These are called carry-backs, and you should discuss them with your buyer and create a separate income statement that shows what your profits would be without them. Most people try to hide specific facts when selling a business but disclosure is the key and you want to show the buyer the value that may be hidden from the surface.

